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(Saturday)



The President's Daily Brief

June 28, 1975

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FOR THE PRESIDENT ONLY

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LEBANON

Fighting in Beirut has intensified sharply in the past two days. According to the Lebanese police, at least 45 persons were killed during the 24-hour period that ended yesterday morning.

The chief protagonists are still the Lebanese security forces on the one side and Lebanese and fedayeen radicals on the other. The Phalangist militia has become involved to a limited extent--primarily in erecting roadblocks to protect its positions--but the Lebanese army and the large fedayeen organizations remain on the sidelines.

Palestinian forces continue to participate with Lebanese forces in joint security patrols. The US embassy has been unable, however, to confirm several earlier reports that Fatah forces have independently engaged the radical fedayeen.

The intense firing Thursday night, which was heavier than any that occurred during April or May, may have been the result of a determined effort by the security services to put down a group of pro-fedayeen Lebanese leftists in Beirut. These radicals apparently are an amalgam of Lebanese Communists, members of the Syrian Socialist National Party, and elements of several Libyan-backed Nasirist Lebanese groups.


The Lebanese hope that their attack on this group will dissuade other Lebanese radicals from inciting violence during the current government crisis, strengthen Arafat's hand in disciplining the smaller fedayeen organizations that cooperate with the Lebanese radicals, and eliminate one especially troublesome group supported by the Libyan government.

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President Franjiyah has convened sessions of the military cabinet twice since Thursday night, but still appears uncertain about how much force to use in overcoming radical fedayeen resistance.



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ARGENTINA

In an effort to ease the most serious confrontation yet with organized labor, Argentine President Peron last night participated with labor leaders in a nationally televised discussion of workers' problems. It was clear that no solution had been reached, but the President probably bought time.

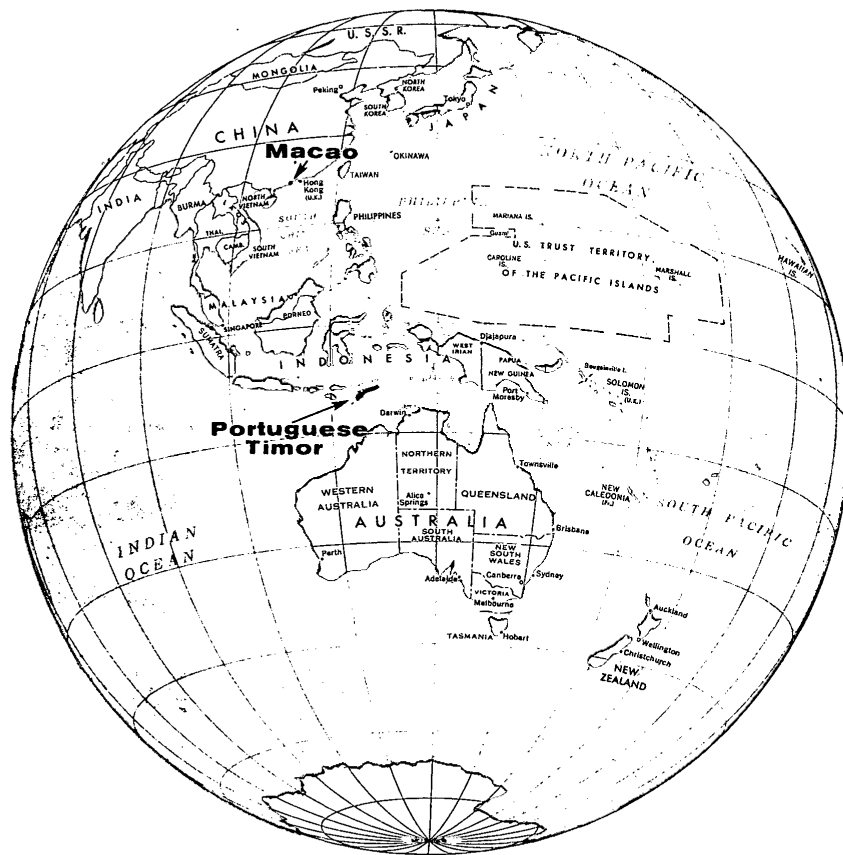
Earlier in the day, the potent Peronist labor confederation staged a general strike and demonstrations to protest Economy Minister Rodrigo's call for the annulment of recently negotiated wage contracts, which specified huge increases. Despite President Peron's appeal to workers not to heed the strike call, as many as 100,000 converged on the downtown area for a mass protest, while security forces took up positions nearby.

Yesterday's actions were the culmination of a series of sporadic work stoppages and demonstrations in a number of cities. Workers have been aroused by recent, massive price increases and successive efforts by the government to limit salary increases. The price hikes, as well as the devaluation of the peso, were among the first measures announced by Rodrigo, who took office a month ago.

Labor had rejected suggested wage increases of 38 and then 45 percent. Contracts worked out less than a week ago between labor and management called for increases of up to 130 percent, more in keeping with the sharp rise in prices.

Chief presidential adviser Lopez Rega--who arranged for the appointment of Rodrigo, his protege--was probably behind the move to overturn the wage increases. For some time, it has been apparent that Lopez Rega, acting through Rodrigo, seeks to undermine labor's leaders by thwarting their efforts to secure substantial wage increases. This factor, as well as growing worker dissatisfaction, has led union officials to press hard.

Portugal's Asian Territories



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PORTUGAL

With the decolonization process well under way in Africa, Portugal's military government has now turned its attention to the settlement of colonial affairs in Asia.

Portuguese officials have begun discussions on a decolonization plan for Portuguese Timor with representatives of two Timorese political parties. Official spokesmen at the talks, held in Macao, have cautioned not to expect too much from the meetings, but the Portuguese appear determined to move ahead and end their role on the island as quickly as possible.

The Portuguese are anxious to keep the process as painless as possible. They will probably attempt to satisfy those Timorese who favor independence, but at the same time try to avoid offending the Indonesians, who have made no secret of their desire to annex the territory. The Portuguese may look to a popular referendum as the best way to resolve the dilemma. The Indonesians, for their part, have assumed a more relaxed attitude about Timor in recent weeks, and now seem convinced that the Portuguese will eventually cede the island to them.

The Portuguese delegation will also take advantage of its stay in Macao to discuss the draft political statute for that island with local officials. The statute is expected to maintain the Portuguese administration of Macao, but will probably allow greater autonomy in local matters.

In deference to Peking's desire to maintain the status quo, Portugal has not given Macao the option for independence that has been granted to all the other territories. The Portuguese are anxious to curry China's favor, in hopes of establishing diplomatic relations. Thus far, the Chinese have remained aloof, although there has been limited contact through third-party intermediaries. The Chinese probably want to wait to see whether Portugal will fall under Soviet influence.



FOR THE PRESIDENT ONLY

NOTES

The Cambodians publicly announced yesterday that they had "solved the border problem," apparently referring to their territorial disputes with the Vietnamese.

The two sides may have difficulty making any agreement stick. Border clashes were continuing in the Parrot's Beak area--where territorial claims overlap--as late as Wednesday, according to intercepted messages, and at least two Cambodian divisions appear to have been sent to the area to reinforce local units. The skirmishing disrupted attempts by the Khmer Communist Party Central Committee to arrange a meeting with senior officials in South Vietnam. Tensions also remain high in the Gulf of Thailand, where Vietnamese naval craft evidently are patrolling near Cambodian-occupied islands.

* * *

Some demonstrations erupted in India yesterday in opposition to Prime Minister Gandhi's recent actions, but government security forces appear to have the situation well in hand.

A number of opposition leaders were not apprehended in Thursday's roundup and apparently have gone underground. In a nationwide radio speech, Mrs. Gandhi sought again to justify both her crack-down on the opposition and the imposition of press censorship, and she promised to announce important new economic measures within the next two or three days. She said these would not include further nationalizations or extensions of government controls.

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Panamanian General Torrijos is outwardly calm about the vote in the US House of Representatives to deny funds for the Panama Canal treaty talks, but his concern about the status of the negotiations is growing.

In a statement to the press on June 26, Torrijos said he was confident that the US will uphold its commitment to negotiate, despite the House vote. You will recall that earlier this week, however, Torrijos indicated his impatience with the pace of the talks and, in a message to our negotiators, said that he might have to make some public "hints" to the effect that the US has been absent from the negotiating table for a long time.

* * *

Communist-inspired harassment of the US Mission in Laos resumed today.

Early this morning, a mixed group of Pathet Lao soldiers, police, and students occupied a US Information Service office complex and warehouse. A Pathet Lao soldier said that the government had ordered these facilities closed and all property seized. No US officials were at either location at the time. American officials speculated that the occupation was a prelude to a large anti-US demonstration scheduled for Monday. They believe Prime Minister Souvanna Phouma can keep the situation from getting out of hand, but do not rule out isolated acts of violence.

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